



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

January 11, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

DEPARTMENT OF HEALTH SERVICES
OPTION TO RENEW FOR FIVE YEARS – LEASE NO. L-0426/AMENDMENT NO. 73075
2011 NORTH SOTO STREET, LOS ANGELES
(FIRST DISTRICT) (3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign the attached Amendment No. 2 and exercise the County's option to extend Lease No. 73075 with Hathaway Enterprises, Inc. for an additional five-year term. The lease is for 83,665 rentable square feet of warehouse space at 2011 North Soto Street, Los Angeles at an annual rental rate of \$471,870.
2. Find that this lease is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987 and Section 15601 (b) (3) of the State CEQA Guidelines.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since 1995, the County has leased the warehouse at 2011 North Soto Street, Los Angeles as a storage space for Health Information Management (medical records), Expenditure Management (financial records) and Materials Management (supplies) which support patient care services at the LAC+USC Healthcare Network Facilities/LAC+USC Medical Center. The leased space is needed to meet record retention requirements and hospital supply storage. The space is also being used temporarily to store medical equipment to be installed at the Downey Public Health Laboratory in Spring, 2005. The lease and operating costs are paid from the LAC+USC Medical Center's operating budget.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we improve the workplace environment in order to enhance quality and productivity (Goal 2, Strategy 2) and that we strengthen the County's fiscal capacity (Goal 4). In this case we are consolidating multiple departmental support functions providing medical record, equipment and housekeeping supply storage for the nearby LAC+USC Healthcare Network Facilities/LAC/USC Medical Center.

FISCAL IMPACT/FINANCING

The annual cost of this lease renewal option will be \$471,870, or a monthly rent of \$39,323 (\$0.47 per square foot).

2011 N. Soto St.	Current Lease	Renewal	Change
Area	83,665 sq. ft.	83,665 sq. ft.	None
Term	1/19/00 to 1/18/05	1/19/05 to 1/18/10	+ 5 years
Annual Rent	\$421,672	\$471,870	+50,198
Cancellation	County may cancel at or anytime after 10/03/01 with 180 days notice.	County may cancel at or anytime after 10/3/07 with 180 days notice	Cancellation after third year
Reimbursements	29.2% of cost increase over 1994-95 base year for taxes and insurance	None	Savings of approximately \$5,000 annually

Sufficient funding for the proposed lease renewal is included in the 2004-05 Rent Expense Budget and will be charged back to the Health Services' operating budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease renewal provides 83,665 square feet of warehouse and office space for six employees. The lease contains the following provisions:

- This is a split-service lease. Lessor agrees to repair, maintain and replace as necessary the entire basic structure which includes fire sprinklers, sewer system, parking spaces, grounds, exterior walls, roof and concealed plumbing and electrical systems. Lessee pays all utility and janitorial expenses and agrees to repair and maintain the building components which include but are not limited to the HVAC system, interior and exterior painting, exposed plumbing and electrical systems, lighting lamps, exterior and interior doors, window glass, ceilings and hydraulic loading systems.

- The option to renew paragraph in the lease provides the County an option to renew for five years at 95 percent of the current fair market rental rate, with all other terms and conditions the same.
- The County has the right to cancel at or anytime after October 3, 2007, by giving 180 days prior written notice.
- Lessee is relieved of the requirement to reimburse the Lessor the Lessee's share of cost for taxes and insurance during the five-year renewal period.
- The monthly rent is subject to a Consumer Price Index (CPI) adjustment after 24 months and 48 months, not to exceed five percent.
- Lessor will waive any and all claims to reimbursement for additional rent for earlier periods under any theory, including those based upon CPI increases, and any and all claims for additional reimbursement of taxes and insurance for earlier periods.

The Department of Public Works has reviewed the seismic retrofit of the subject facility completed in 2003 and determined the structure is acceptable for County occupancy.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

This project is categorically exempt from CEQA pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15601 (b) (3) of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

It is the finding of the Chief Administrative Office (CAO) that the proposed amendment and option to renew is in the best interest of the County and will continue to provide the necessary space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, the Chief Executive Officer, LAC+USC Healthcare network concurs with this recommendation.

The Honorable Board of Supervisors
January 11, 2005
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CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed Amendment No. 2 to Lease No. L-0426 (AKA No. 73075) and the adopted, stamped Board letter, and two certified copies of the Minute Order to the CAO, Real Estate Division at 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David E. Janssen", with a long horizontal flourish extending to the right.

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:CWW
CEM:JWP:hd

Attachments (3)

c: County Counsel
Department of Health Services

ATTACHMENT A

DEPARTMENT OF HEALTH SERVICES
2011 NORTH SOTO STREET, LOS ANGELES
Asset Management Principles Compliance Form¹

1. <u>Occupancy</u>		Yes	No	N/A
A	Does lease consolidate administrative functions? ² This is warehouse for record and laundry storage that supports the LAC+USC Healthcare Network facilities.		X	
B	Does lease co-locate with other functions to better serve clients? ²	X		
C	Does this lease centralize business support functions? ²	X		
D	Does this lease meet the guideline of 200 sf of space per person? ² This is a warehouse, not an office. Only six employees are assigned at this location.		X	
2. <u>Capital</u>				
A	Should program be in leased space to maximize State/Federal funding?		X	
B	If not, is this a long term County program?	X		
C	Is it a net County cost (NCC) program?	X		
D	If yes to 2 B or C; capital lease or operating lease with an option?		X	
E	If no, are there any suitable County-owned facilities available?		X	
F	If yes, why is lease being recommended over occupancy in County- owned space?			X
G	Is Building Description Report attached as Attachment B?	X		
H	Was build-to-suit or capital project considered?		X	
3. <u>Portfolio Management</u>				
A	Did department utilize CAO Space Request Evaluation (SRE)?	X		
B	Was the space need justified?	X		
C	If a renewal lease, was co-location with other County departments considered?	X		
D	Why was this program not co-located? If DHS' plans to backfill vacant space aren't realized within six months to one year, DHS will support sharing space with another department.			
	1. ___ The program clientele requires a "stand alone" facility.			
	2. <u>X</u> No suitable County occupied properties in project area.			
	3. <u>X</u> No County-owned facilities available for the project.			
	4. ___ Could not get City clearance or approval.			
	5. ___ The Program is being co-located.			
E	Is lease a full service lease? ² Industrial space is traditionally split service. Lessor agrees to repair, maintain and replace as necessary the entire basic structure. County pays all utilities, janitorial expenses and agrees to repair and maintain the building components.		X	
F	Has growth projection been considered in space request	X		
G	Has Dept. of Public Works completed seismic review/approval.	X		

¹As approved by the Board of Supervisors 11/17/98²If not, why not?

ATTACHMENT B

Storage Facilities within a 5-mile radius of 1200 North State Street, Los Angeles

FACILITY NAME	ADDRESS	SQ FT GROSS	SQ FT NET		SQ FT AVAIL.
THE ALHAMBRA COMPLEX - SHERIFF'S STORAGE BLDG	1000 S FREMONT AVE, ALHAMBRA 91803	8240	7416	LEASED	NONE
COUNTY RECORDS CENTER (COUNTY MALL PHASE II)	222 N HILL ST , LOS ANGELES 90012	99945	67595	FINANCED	NONE
MED CTR-BUILDING 110 - CENTRAL FILES STORAGE	1711 GRIFFIN AVE, LOS ANGELES 90031	10242	7693	OWNED	NONE
MED CTR-BUILDING 120 - SUPPLIES WAREHOUSE	1711 GRIFFIN ST, LOS ANGELES 90031	1479	1177	OWNED	NONE
MED CTR-OFFICE EQUIPMENT & SALVAGE WAREHOUSE	1808 GRIFFIN AVE, LOS ANGELES 90031	25114	24511	OWNED	NONE
MED CTR-GENERAL HOSPITAL MINI WAREHOUSE	1900 ZONAL AVE, LOS ANGELES 90033	27899	20024	OWNED	NONE
MED CTR-WOMENS HOSPITAL MINI WAREHOUSE	1240 N MISSION RD, LOS ANGELES 90033	5150	4967	OWNED	NONE
MED CTR-SUPPLIES WAREHOUSE/ MEDICAL RECORDS	2011 N SOTO ST, LOS ANGELES 90032	83665	75300	LEASED	NONE
PW CENTRAL YARD-EQUIPMENT WAREHOUSE	1525 ALCAZAR ST, LOS ANGELES 90033	9882	6564	OWNED	NONE
PW CENTRAL YARD-MAIN WAREHOUSE	1537 ALCAZAR ST, LOS ANGELES 90033	59594	53646	OWNED	NONE
PW CENTRAL YARD-MAINTENANCE GROUP WAREHOUSE	1525 ALCAZAR ST, LOS ANGELES 90033	10560	9498	OWNED	NONE
PW CENTRAL YARD-HEAVY EQUIPMENT/ WELDING SHOP	2275 ALCAZAR ST, LOS ANGELES 90033	10752	9677	OWNED	NONE
PW CENTRAL YARD-STORAGE BLDG #3	2275 ALCAZAR ST, LOS ANGELES 90033	8413	7572	OWNED	NONE
ISD-EASTERN AVE COMPLEX SPECIAL CRAFTS BLDG	1106 N EASTERN AVE, LOS ANGELES 90063	13260	11140	FINANCED	NONE
PROBATION-PROPERTY & SUPPLY WAREHOUSE	4549 TELEGRAPH RD, EAST LOS ANGELES 90022	13590	9851	LEASED	NONE
DA-CRIMINAL FILE STORAGE/ FRAUD INVESTIGATORS	5300 HARBOR ST, CITY OF COMMERCE 90040	52300	49685	LEASED	NONE

AMENDMENT NO. 2 TO LEASE NO. L-0426 (AKA No. 73075)
DEPARTMENT OF HEALTH SERVICES
2011 N. SOTO STREET, LOS ANGELES

This Amendment No. 2 to Lease No. 73075 (formerly known as L-0426) is made and entered into this _____ day of _____, 2005, by and between HATHAWAY ENTERPRISES, INC., a California corporation, hereinafter referred to as "Lessor," and the COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as "Lessee."

RECITAL

Lessor and Lessee are parties to that certain Lease Agreement known as Lease No. L-0426 dated January 23, 1995, for approximately 83,665 rentable square feet of warehouse space located at 2011 N. Soto Street, Los Angeles CA for an original term of five (5) years. The Lease was amended by Amendment No. 1 to Lease No. L-0426 and now known as Lease No. 73075 dated October 17, 2000, which extended the term for an additional five (5) years to January 18, 2004, and granted to Lessee two (2) new options to renew the Lease for a period of five (5) years each. Lessor and Lessee desire to exercise Option No. 1 to Renew and to amend Lease No. 73075 as set forth below.

NOW THEREFORE, in consideration of the foregoing Recital which are hereby deemed a contractual part hereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and the rents, covenants and agreements herein contained, and intended to be legally bound, Lessor and Lessee hereby covenant and agree as follows:

1. Lessee hereby exercises Option No. 1 to Renew to extend the term of the Lease on the terms and conditions regarding the Option set forth in Amendment No. 1 to Lease No. L-0426. In compliance with Paragraph 2 of Lease No. L-0426, Lessee is enclosing evidence of the final approval by Los Angeles County Board of Supervisors of the exercise of Lessee's Option.
2. Paragraph 3. RENT. shall be hereby amended by deleting the first sentence and inserting the following, "The Lessee hereby agrees to pay as rent for said demised Premises during the term the sum of Thirty Nine Thousand, Three Hundred Twenty Two Dollars and 55/100 (\$39,322.55) per month, i.e., \$0.47 per rentable square foot per month, payable in advance by Auditor's General Warrant, and subject to Paragraph 29. RENTAL ADJUSTMENT added to Lease L-0426 by Paragraph 7 of Amendment No.1 to Lease L-0426. Rent shall become effective upon approval of the Board of Supervisors and shall be paid pursuant to the terms of Lease No. 73075.

3. Paragraph 15. NOTICES. Any notice and the envelope containing the same shall be addressed to the Lessor as follows:

Hathaway Enterprises, Inc.
Attn: George Herscu, G.H. Development Corporation
10866 Wilshire Boulevard, Suite 225
Los Angeles, CA 90024

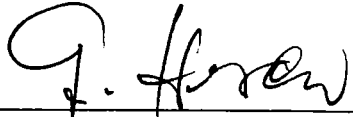
4. Paragraph 17. INSURANCE. Delete the fourth, fifth and sixth sentences from Paragraph C. Lessee will not reimburse Lessor for any insurance costs.
5. Paragraph 18. TAXES. Delete the second, third, fourth and fifth sentences from the second paragraph. Lessee will not reimburse Lessor for any taxes.

All other terms and conditions of Lease No. L-0426 and Amendment No. 1 to Lease No. L-0426 (Lease No. 73075) including the aforementioned Paragraphs shall remain the same. Lessor agrees to waive all claims for additional rent for earlier periods under this Lease under any theory whatsoever, including those based upon CPI increases, and also waives any and all claims for additional reimbursement of taxes and insurance for earlier periods under this Lease. Lessee will make no claims for any prior overpayment of reimbursements for taxes or insurance.

IN WITNESS WHEREOF, the Lessor has executed this Amendment No. 2 to Lease No. L-0426 (AKA No. 73075) or caused it to be duly executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Lease to be executed on its behalf by the Chair of said Board and attested by the Clerk thereof the day, month, and year first above written.

LESSOR

HATHAWAY ENTERPRISES, INC.

By 
Name: J. Horan
Title: PRESIDENT

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer-Clerk
of the Board of Supervisors

LESSEE:

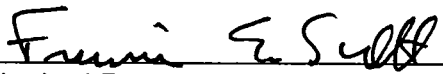
COUNTY OF LOS ANGELES

By _____
Deputy

By _____
Chair, Board of Supervisors

APPROVED AS TO FORM:

OFFICE OF THE COUNTY COUNSEL

By 
Principal Deputy: Francis E. Scott

**AMENDMENT NO. 1 TO LEASE NO. L-0426
DEPARTMENT OF HEALTH SERVICES
2011 N. SOTO STREET, LOS ANGELES**

This Amendment No. 1 to Lease No. L-0426 is made and entered into this 17th day of October, 2000, by and between HATHAWAY ENTERPRISES, INC., a California corporation, hereinafter referred to as "Lessor", and the COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as "Lessee".

WHEREAS, 2011 Corporation, as previous lessor, and the COUNTY OF LOS ANGELES, as Lessee, entered into that certain Lease and Agreement No. L-0426 dated January 23, 1995, and hereinafter referred to as "Lease", for approximately 83,665 rentable square feet located at 2011 N. Soto Street, Los Angeles, Ca for an original term of five (5) years; and Lessor and Lessee desire to extend the original term of the Lease; and,

WHEREAS, pursuant to that certain Lease and Agreement No. L-0426, Lessee was granted an option to renew this lease for a term of five (5) years; and Lessor and Lessee desire to renew the term for five (5) years, provided Lessor agrees to all of the terms and conditions as set forth herein; and

WHEREAS, the parties are now desirous to amend said Lease No. L-0426 to, among other things, acknowledge Lessor as successor in interest to the previous lessor, 2011 Corporation and to adjust the rent.

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and the rents, covenants and agreements herein contained, and intended to be legally bound, Lessor and Lessee hereby covenant and agree as follows:

1. Preamble. DESCRIPTION OF THE PARTIES. 2011 Corporation, a Delaware corporation, by Grant Deed dated August 5, 1997, granted its interest in 2011 N. Soto Street, Los Angeles for valuable consideration, to Hathaway Enterprises, Inc., a California corporation. As such, Hathaway Enterprises, Inc. is the successor in interest to 2011 Corporation and all references under the Lease to Lessor shall now refer to Hathaway Enterprises, Inc.

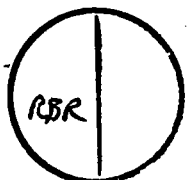


2. Paragraph 2. TERM: B. Options to Renew, is hereby deleted in its entirety, and in its place shall appear the following language:

"Lessor shall grant to Lessee two (2) new options to renew this Lease as follows:

Option No. 1 to Renew: Lessee shall have the option to renew this Lease for a period of five (5) years under the same terms and conditions except that the rental rate shall be adjusted by negotiation not to exceed ninety-five percent (95%) of the fair rental value which Lessor could derive from the demised Premises if they were made available on the open market ("Fair Rental Rate"). The fair rental rate of the demised Premises shall be determined by using the rental rate prevailing for similarly-improved warehouse space within a three (3) mile radius of the demised Premises and subtracting therefrom that portion of the rent covering the tenant improvement allowance, if any, for transactions consummated within the last nine (9) months immediately preceding the commencement date of the option term. If similarly improved warehouse space cannot be found within a three (3) mile radius of the demised Premises, then the search area shall be enlarged to a four (4) mile radius. In determining the Fair Rental Rate, equitable adjustments to the surveyed rental values shall be made for the size and credit worthiness of the Lessee, the quality of the project, the nature of the Lessee's improvements and any other lease terms having an impact on rental value (such as a tenant's option to expand or purchase). The fair rental survey shall be conducted by the lessor's appraiser and Lessee's appraiser, each of which shall be designated as a Member of the Appraisal Institute of Real Estate Appraisers (MAI), Society of Real Estate Appraisers (SREA), a commercial real estate broker with at least ten (10) years commercial real estate experience or a Certified Property Manager (CPM). Lessor shall pay the costs for Lessor's appraiser and Lessee shall bear the cost of Lessee's appraisers.

If the Lessor and Lessee cannot agree on the Fair Rental Rate forty-five (45) days prior to the expiration of the lease term, each shall mutually select a third appraiser within fifteen (15) days prior to the expiration of the Lease term who shall also conduct a fair rental appraisal. If Lessor and Lessee cannot mutually agree to the selection of the third appraiser then Lessor may



present a motion to the Court having jurisdiction over such matters petitioning said Court to designate a third appraiser. Costs for the filing of such motion shall solely be the responsibility of the Lessor. With regard to any attorney fees and costs related to the motion each side shall pay their own attorney fees and costs. The third appraiser shall be designated as a Member of the Appraisal Institute of Real Estate Appraisers (MAI), Society of Real Estate Appraisers (SREA) or a Certified Property Manager (CMP). The average of the two (2) appraisals nearest in value shall be the Fair Rental Rate. The cost of the third appraiser shall be borne equally by Lessor and Lessee. In the event the negotiations are not completed prior to the expiration date of the lease, Lessee shall continue to pay rent at the current rate and an adjustment between the payments made and the adjusted rent due to Lessor will be made in a lump sum payment, if any adjustment is needed.

Lessee, by Chief Administrative Office letter, shall notify Lessor in writing not less than one hundred and eighty (180) days prior to expiration of the lease term of Lessee's intention to exercise its option. The actual exercise of the option shall be only by the Board of Supervisors of the County of Los Angeles.

Option No. 2 to Renew: Lessee shall have the option to renew this Lease for a further period of five (5) years under the same terms and conditions except that the rental rate shall be adjusted by negotiation not to exceed ninety-five percent (95%) of the fair rental value which Lessor could derive from the demised Premises if they were made available on the open market ("Fair Rental Rate"). The fair rental rate of the demised Premises shall be determined by using the rental rate prevailing for similarly-improved warehouse space within a three (3) mile radius of the demised Premises and subtracting therefrom that portion of the rent covering the tenant improvement allowance, if any, for transactions consummated within the last nine (9) months immediately preceding the commencement date of the option term. If similarly improved warehouse space cannot be found within a three (3) mile radius of the demised Premises, then the search area shall be enlarged to a four (4) mile radius. In determining the Fair Rental Rate, equitable adjustments to the surveyed rental values shall be made for the size and credit worthiness of the Lessee, the quality of the project, the nature of the Lessee's

improvements and any other lease terms having an impact on rental value (such as a tenant's option to expand or purchase). The fair rental survey shall be conducted by the lessor's appraiser and Lessee's appraiser, each of which shall be designated as a Member of the Appraisal Institute of Real Estate Appraisers (MAI), Society of Real Estate Appraisers (SREA), a commercial real estate broker with at least ten (10) years commercial real estate experience or a Certified Property Manager (CPM). Lessor shall pay the costs for Lessor's appraiser and Lessee shall bear the cost of Lessee's appraisers.

If the Lessor and Lessee cannot agree on the Fair Rental Rate forty-five (45) days prior to the expiration of the lease term, each shall mutually select a third appraiser within fifteen (15) days prior to the expiration of the Lease term who shall also conduct a fair rental appraisal. If Lessor and Lessee cannot mutually agree to the selection of the third appraiser then Lessor may present a motion to the Court having jurisdiction over such matters petitioning said Court to designate a third appraiser. Costs for the filing of such motion shall solely be the responsibility of the Lessor. With regard to any attorney fees and costs related to the motion each side shall pay their own attorney fees and costs. The third appraiser shall be designated as a Member of the Appraisal Institute of Real Estate Appraisers (MAI), Society of Real Estate Appraisers (SREA) or a Certified Property Manager (CMP). The average of the two (2) appraisals nearest in value shall be the Fair Rental Rate. The cost of the third appraiser shall be borne equally by Lessor and Lessee. In the event the negotiations are not completed prior to the expiration date of the lease, Lessee shall continue to pay rent at the current rate and an adjustment between the payments made and the adjusted rent due to Lessor will be made in a lump sum payment, if any adjustment is needed.

Lessee, by Chief Administrative Office letter, shall notify Lessor in writing not less than one hundred and eighty (180) days prior to expiration of the lease term of Lessee's intention to exercise its option. The actual exercise of the option shall be only by the Board of Supervisors of the County of Los Angeles."

3. Paragraph 3. RENT, shall be hereby amended by deleting the first sentence and inserting the following,

times maintain a mailing address in California.

The notices and envelopes containing the same shall be addressed to the Lessee as follows:

Board of Supervisors
Kenneth Hahn Hall of Administration, Room 383
500 West Temple Street
Los Angeles, CA 90012

with a copy to:

Chief Administrative Office, Real Estate Division
222 South Hill Street, 3rd floor
Los Angeles, CA 90012
Attention: Director of Real Estate"

6. Paragraph 18. TAXES, is hereby amended as follows:

The third sentence of the second paragraph is hereby deleted in its entirety, and in its place shall appear the following language:

"The portion of the cost of taxes that will constitute Lessee's prorata share of the base year and subsequent years shall be equal to 29.2% of the entire cost of taxes for the building of which the Premises is a part."

7. Paragraph 29. RENTAL ADJUSTMENT

- A. In the event that Lessee exercises Option No. 1 or Option No. 2 pursuant to Paragraph 2B, the monthly rental as determined pursuant to the terms set forth in Paragraph 2, shall be subject to adjustment after twenty four (24) months and after forty eight (48) months of each option period respectively. The rent shall be adjusted in accordance with the CPI formula set forth below. The "Base Index" shall be the Index published for the month the lease commences relative to each option renewal.
- B. CPI Formula: The method for computing the rental adjustments shall be by reference to the Consumer Price Index for all Urban Consumers for the Los Angeles-Riverside-Orange County area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84 = 100), herein referred to as "Index".

The rental adjustment for the Base Rent shall be calculated by multiplying the Lessor's base rent, as determined by the parties at the commencement of the option terms, by a fraction, the numerator being the New Index which is the Index published for the month

immediately preceding the month the adjustment is to be effective, and the denominator being the Base Index which is the Index published for the month the lease commenced for each option renewal, then add or subtract to that total result the Amount needed to amortize Lessee's additional tenant improvements plus change order costs, if any. The formula shall be as follows:

$$\begin{aligned}
 & \left[\frac{\text{New Index}}{\text{Base Index}} \right] \times \text{Paragraph 2 option rent rate} \\
 & \quad (\text{Base Rent}) \\
 \pm & \quad \text{Amount needed to amortize Lessee's} \\
 & \quad \text{additional tenant improvements, if any} \\
 \pm & \quad \text{Amount needed to amortize change order costs, if any} \\
 = & \quad \text{Monthly Base Rent}
 \end{aligned}$$

If the Index is changed so that the base year of the Index differs from that used as of the commencement date of the lease, the Index shall be converted in accordance with the conversion factor published by the United State Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of this lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. In the event the parties are unable to agree upon a substitute index (if the original index is discontinued without a replacement) then upon demand by either party, the matter shall be submitted to arbitration in accordance with Paragraph 23N for the purpose of determining an alternate method of computing the rent adjustment based upon the increase in the cost of living.

C. General Provisions:

In no event shall the monthly rent adjustment based upon the CPI formula set forth herein result in an increase greater than five percent (5%) per year per increment.

8. Paragraph 30. CONDITIONS PRECEDENT, shall be added to the Lease and shall read as follows:

"Within sixty (60) days of Board of Supervisors approval of this Amendment, Lessor, at Lessor's sole cost and expense, shall cause the five (5) loading lifts to be repaired or replaced so that such loading

lifts are fully operational.

In the event Lessor should fail, neglect or refuse to commence the work as required in this Paragraph; or fail, neglect or refuse to pursue said work with reasonable diligence to completion, within five (5) days after written notice has been served by Lessee, the Lessee at its sole discretion may perform or cause to be performed said work, and deduct the reasonable cost thereof together with Lessee's administrative costs, from the installments of rent next due as a charge to the Lessor, or the Lessee at its sole discretion may surrender the Premises and shall not be liable for any further rental under this Lease and Amendment."

9. All other terms and conditions of the Lease and Agreement shall remain in full force and effect during the term and any renewal thereof.

IN WITNESS WHEREOF, the Lessor has executed this Amendment or caused it to be executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Amendment to be executed on its behalf by the Chair of said Board and attested by the Clerk thereof the day, month, and year first above written.

LESSOR

Hathaway Enterprises, Inc.
A California corporation



By

Robert B. Resnick

Robert B. Resnick
President

ATTESTED:

LESSEE

VIOLET VARONA LUKENS
Executive Officer-Clerk
of the Board of Supervisors

COUNTY OF LOS ANGELES

By

Spring Hill
Deputy

By

Mike Antononi
PRO TEM Chair, Board of Supervisors

APPROVED AS TO FORM:

LLOYD W. PELLMAN
County Counsel

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

By

Francis E. Scott

Deputy: Francis E. Scott

15

OCT 17 2000

Violet Varona Lukens
VIOLET VARONA-LUKENS
EXECUTIVE OFFICER

COUNTY OF LOS ANGELES
INTERNAL SERVICES DEPARTMENT
LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT, made and entered into in duplicate original this 23rd day of January, 1995, by and between 2011 CORPORATION, a legally existing Delaware corporation, hereinafter referred to as the Lessor, and the COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as the Lessee,

W I T N E S S E T H:

1. DESCRIPTION
OF PREMISES:

The Lessor, for and in consideration of the performance of the covenants and agreements hereinafter contained to be kept and performed by the Lessee, upon the following terms and conditions, hereby leases to the Lessee, and the Lessee hereby hires and takes of and from the Lessor, those certain premises located at 2011 North Soto Street, City of Los Angeles, in the County of Los Angeles, State of California, more particularly described as follows:

The North end of the 2011 building complex including the use of the surrounding yard area as identified on Exhibit "A" attached hereto.

and legally described as follows:

City Lands of Los Angeles on a lot commencing at intersection of Southwest line of Los Angeles Railway Corporation Right of Way with Northwest line of Southern Pacific Railroad Right of Way Then Southwest on said Northwest line 840.87 feet then North 67 degrees 37' 35" West 381.54 Feet then North 12 degrees 43' East to Southeast line of said Los Angeles Railway Corporation Right of Way Then Northeast to beginning.

The Premises shall consist of approximately 83,665 rentable square feet. Lessee shall have the right to field-measure and verify the exact square footage of the Premises and adjust the rent specified in Paragraph 3 herein accordingly. All measurements to be taken in accordance with the criteria established by the Building Owners and Managers Association (BOMA).

2. TERM:

A. Original Term:

The term of this Lease shall be for a period of Five (5) years beginning January 19, 1995 and ending five (5) years thereafter.

B. Options to Renew:

Lessee shall have the option to renew this Lease for a period of five (5) years under the same terms and conditions except that the rental rate shall be adjusted by negotiation not to exceed ninety-five percent (95%) of the fair rental value which Lessor could derive from the demised Premises if they were made available on the open market ("Fair Rental Rate"). The fair rental rate of the demised Premises shall be determined by using the rental rate prevailing for similarly-improved warehouse space within a three (3) mile radius of the demised Premises and subtracting therefrom that portion of the rent covering the tenant improvement allowance, if any, for transactions consummated within the last nine (9) months immediately preceding the commencement date of the option term. If similarly improved warehouse space

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cannot be found within a three (3) mile radius of the demised Premises, then the search area shall be enlarged to a four (4) mile radius. In determining the Fair Rental Rate, equitable adjustments to the surveyed rental values shall be made for the size and credit worthiness of the Lessee, the quality of the project, the nature of the Lessee's improvements and any other lease terms having an impact on rental value (such as a tenant's option to expand or purchase). The fair rental survey shall be conducted by the Lessor's appraiser and Lessee's appraiser, each of which shall be designated as a Member of the Appraisal Institute of Real Estate Appraisers (MAI), Society of Real Estate Appraisers (SREA), a commercial real estate broker with at least ten (10) years commercial real estate experience or a Certified Property Manager (CPM). Lessor shall pay the costs for Lessor's appraiser and Lessee shall bear the cost of Lessee's appraisers.

If the Lessor and Lessee cannot agree on the Fair Rental Rate forty-five (45) days prior to the expiration of the lease term, each shall mutually select a third appraiser within fifteen (15) days prior to the expiration of the Lease term who shall also conduct a fair rental appraisal. If Lessor and Lessee cannot mutually agree to the selection of the third appraiser then Lessor may present a motion to the Court having jurisdiction over such matters petitioning said Court to designate a third appraiser. Costs for the filing of such motion shall solely be the responsibility of the Lessor. With regard to any attorney fees and costs related to the motion each side shall pay their own attorney fees and costs. The third appraiser shall be designated as a Member of the Appraisal Institute of Real Estate Appraisers (MAI), Society of Real Estate Appraisers (SREA) or a Certified Property Manager (CPM). The average of the two (2) appraisals nearest in value shall be the Fair Rental Rate. The cost of the third appraiser shall be borne equally by Lessor and Lessee. In the event the negotiations are not completed prior to the effective date of the rent increase, Lessee shall continue to pay rent at the current rate and the payments made and the adjusted rent due to Lessor if any adjustment is needed. Payment shall be made to Lessor within sixty (60) days of completion of negotiations.

Lessee, by Internal Services Department letter, shall notify Lessor in writing not less than one hundred and twenty (120) days prior to expiration of the lease term of Lessee's intention to exercise its option. The actual exercise of the option shall be only by the Board of Supervisors of the County of Los Angeles and shall be exercised at a regularly scheduled Board meeting occurring no more than sixty (60) days after Lessee provides written notice to Lessor of Lessee's intention to renew this Lease or in the event the parties cannot agree to the Fair Market Value then said sixty (60) day period shall not commence until such date that Lessor and Lessee confirm the agreed upon Fair Market Value in writing.

3. **RENT:**

The Lessee hereby agrees to pay as rent for said demised Premises during the term the sum of Twenty Five Thousand Five Hundred Eighteen and No/100 Dollars (\$25,518.00) per month, i.e., \$0.305 per rentable square foot per month, payable in advance by Auditor's General Warrant. Rental payments shall be payable within fifteen days after the first day of each and every month of the term hereof provided Lessor has caused a claim therefor for each such month to be filed with the Auditor of the County of Los Angeles prior to the first day of each month.

4. **USE:** Lessor agrees that the demised Premises together with all appurtenances thereto belonging or in any wise appertaining, shall be used by the Lessee as warehouse, manufacturing and office space for Department of Health Services and for other governmental purposes or lawful purposes during normal working hours, after normal working hours, and on weekends and holidays as Lessee may desire.
5. **CANCELLATION:** In the event Lessee exercises its Option to Renew this Lease then Lessee shall have the right to cancel this Lease at or any time after January 4, 2001 by giving Lessor one hundred and twenty (120) days prior written notice.
6. **HOLDOVER:** In case Lessee holds over beyond the end of the term provided with the consent express or implied of Lessor, such tenancy shall be from month-to-month only, subject to the terms and conditions of this Lease, but shall not be a renewal hereof, and the rent shall be at the rate prevailing under the terms of this Lease. Either party may during the holdover cancel this Lease by giving the other party at least thirty (30) days prior written notice provided however that in the event that notice of the Lessee's intent to exercise the option to renew this Lease has been given and when applicable, negotiations are proceeding in good faith but have not been completed prior to the Lease expiration then the holdover term shall be on a quarterly basis and the Lease may be canceled by either party upon ninety (90) days prior written notice.
7. **DAMAGE OR DESTRUCTION:** Lessor agrees that should 25% or more of the net useable are of the improvements (including the common area) be damaged by fire, incidents of war, earthquake, or other elements as to render them reasonably unfit for Lessee's occupancy as determined by Lessor and Lessee then this Lease shall be terminated immediately upon the happening of any such event whereupon Lessee shall surrender the Premises and shall not be obligated for any further rental and Lessor shall refund any unearned rent paid in advance by Lessee calculated at a daily rate based on the regular monthly rental. Both Lessor and Lessee agree that "reasonably unfit" shall mean damage to 25% or more of the net useable area including common area.
- In the event any lesser damage by any such cause results in damage to 25% or less of net useable area of the improvements, (including the common area) then Lessor shall commence the repair and restoration of the premises ^{within} ~~xxxx~~ 30 days of the event which necessitated the repair and restoration provided said damage occurs before the final year of the initial lease term or during the option period provided the Lessee waives the right to cancel this lease for a two year period after the repair in accordance with Paragraph 5 of this Lease.
- Commencement of the repair and restoration under either of the aforementioned conditions shall require (1) securing the area to prevent injury to persons and/or vandalism to the improvements, and (2) either the retaining of architects by the Lessor to prepare plans and specifications for the repair or restoration, or the placement of a work order or contract for obtaining the Labor and Materials to accomplish the repair and restoration. If Lessor should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Lessee may give Lessor fifteen (15) working days prior written notice and thereafter perform or cause to be performed the restoration work

and deduct the cost thereof from the installments of rent next due as a charge against the Lessor.

Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made effective on the date of such destruction. The proportionate reduction is to be based upon the proportion that the amount of rentable square feet within the leased premises rendered unusable to Lessee bears to the whole rentable thereof. Lessee shall not be entitled to an abatement of rent pursuant to this provision when the damage to the premises is the result of negligence or intentional acts of Lessee's employees.

8. TENANT'S
FIXTURES:

Lessor agrees that the Lessee may remove, at its own expense, during or at the expiration or other termination of the term of this Lease, or any extension or holdover period thereof, as the case may be, all fixtures, equipment and all other personal property placed or installed in or upon the demised Premises by the Lessee, or under its authority, provided Lessee shall repair any damage caused by such removal.

9. REPAIR,
MAINTENANCE
AND
REPLACEMENT:

A. Lessor agrees to repair, maintain and replace as necessary at Lessor's own expense the entire basic structure. Basic structure is agreed to include: fire sprinklers; the sewer system; the grounds; parking spaces (including resurfacing but not restriping); all permanent exterior walls; concealed plumbing; concealed electrical systems; and roof.

In the event Lessor should fail, neglect or refuse to commence the repair, replacement or maintenance work required by Section Paragraph 9A herein within five working (5) days after written notice has been served by Lessee, or fail, neglect or refuse to pursue said replacement or maintenance work with reasonable diligence to completion, the Lessee at its reasonable discretion may perform or cause to be performed said repair, replacement or maintenance work and deduct the reasonable cost thereof from the installments of rent next due as a charge to the Lessor, or the Lessee at its reasonable discretion may surrender the Premises and shall not be liable for any further rental under this Lease and Agreement.

B. Lessee agrees to repair and maintain but not replace at Lessee's sole cost and expense the building components. Building components are agreed to include the HVAC system; painting of all interior and exterior walls; fencing interior walls; exposed electrical systems; exposed plumbing; lighting lamps and tubes; exterior and interior doors; hydraulic loading systems; ceilings (except when damage is caused by a roof leak in which case Lessor shall be responsible for the repair); exterior (including skylight glass) and interior window glass. Notwithstanding the above cited Lessee responsibilities, Lessee shall not ~~be~~ be responsible for damage to the building components that ~~is~~ are covered as an insured loss pursuant to Paragraph 17A of this Lease, then such repair or replacement shall be the responsibility of the Lessor. Lessee agrees to return said Premises to Lessor in as good condition as when rented, ordinary wear and tear, damage by earthquake, fire or the elements and other disaster or casualty excepted. In the event Lessee determines that a building component can no longer

be economically repaired Lessee can request that Lessor replace said item. Upon such request Lessor has the option to either replace said item or repair said item in accordance with the provisions of Paragraph 9A of this Lease. If Lessor decides to repair the requested item then Lessee shall be relieved of any obligation to continue to repair or maintain said item.

- C. The parties hereto specifically agree that the obligations of the Lessee are limited exclusively to the repair and maintenance of the building components set forth herein, and in the event that said building components wear out or fail beyond repair as a result of ordinary wear and tear, damage by earthquake, fire or the elements, and/or other public disaster or casualty, the Lessor shall replace said items subject to the provisions of Paragraph 7. Notwithstanding the above, Lessee agrees to replace only those building components installed by Lessee or at Lessee's request as part of the Tenant Improvements completed pursuant to Paragraph 26 of this Lease.

10. **UTILITIES:**

Lessee agrees to pay when due all charges for the use of the sewer, effluent treatment, when and if imposed by any Governmental authority, all water, sprinkler standby charges, electricity, gas, and other lighting, heating, and power and other utility rents and charges accruing or payable in connection with the demised Premises during the term of this Lease or any renewal, extension, or holdover thereof, whether the same are pro-rated or measured by separate meters.

11. **LESSOR'S ACCESS:**

Lessee agrees to permit the Lessor or Lessor's authorized agents free access to the demised Premises at all reasonable times for the purpose of inspection, or for making necessary improvements or repairs. In the event Lessee does not exercise its Option to Renew this Lease, or during the extended term of this lease if the Option to Renew is exercised, then Lessor's authorized agent shall be permitted to erect signage advertising the availability of the Premises and to view the Premises with prospective tenants beginning 120 days prior to the expiration of the Lease term.

12. **DEFAULT:**

A. **Default by Lessee:**

Lessee agrees that if default shall be made in the payment of rent in the manner herein provided or in any of the covenants or agreements herein contained on the part of the Lessee to be kept and performed which constitute a material breach of the Lease, it shall be lawful for the Lessor to declare said term ended and to terminate this Lease upon the giving of thirty (30) days written notice. In addition thereto, Lessor shall have such other rights or remedies as may be provided by law. Lessor may not terminate the Lease if (1) Lessee cures the default within the thirty (30) days after notice is given, or (2) The default cannot be reasonably cured within the thirty (30) days after notice is given, but Lessee reasonably commences to cure the default within the thirty (30) days period and diligently and in good faith continues to cure the default.

In the event of a Breach of this Lease by Lessee, as defined in this Paragraph, and upon written notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach, Lessor may pursue

any other remedy now or hereafter available to Lessor under the laws of judicial decisions of the state wherein the Premises are located.

B. Default by Lessor:

Lessor shall not be in default in the performance of any obligation required to be performed under this Lease unless Lessor has failed to perform such obligation within thirty (30) days after the receipt of written notice of default from Lessee specifying in detail Lessor's failure to perform or within such shorter period of time as may be specified herein. Lessee may terminate this Lease upon Lessor's default of any material obligation upon giving of thirty (30) days written notice of termination. In addition thereto, Lessee shall have such other rights or remedies as may be provided by law. Lessee may not terminate the Lease if (1) Lessor performs and meets the obligation within the thirty (30) day period (or shorter specified period) after notice of default is given, or (2) the obligation cannot reasonably be performed within thirty (30) days after notice of default is given, but Lessor reasonably commences to cure the default within the thirty (30) day period (or shorter specified period) and diligently and in good faith continues to cure the default.

Lessee shall not exercise any of its rights under this Paragraph, other than its rights to give notice, until Lessee gives notice to any person who has requested in writing notice of Lessor's default, and has specified that person's interest in the Lease. The notice to such person shall be for the same period of time as that to which Lessor is entitled. Such person shall have the right to cure the default within the same period of time, after notice, to which Lessor would be entitled.

If Lessor or such person does not cure the default, Lessee may exercise any of its rights or remedies provided for or permitted in this Lease or pursuant to law, including the right to recover any damages proximately caused by the default.

If Lessee is permitted to cure the default under the terms of this Lease, and elects to do so, then Lessee shall be entitled to reimbursement for all of its costs incurred, as well as to recovery for all damages proximately caused to it because of the default.

C. Receipt of Notice

Notwithstanding anything in Paragraph 15 herein to the contrary, receipt of notice under this Paragraph shall be conclusively presumed to have occurred on the earliest of:

- (1) The date of personal delivery to Lessor or to Lessor's agent or employee at Lessor's place of business, or to a resident over eighteen (18) years of age at Lessor's residence.
- (2) The date of delivery shown upon the United States Postal Service's return receipt for certified or registered mail.

(3) Ten (10) days after deposit of notice to the address stipulated in Paragraph 15, sent by first class mail with the United States Postal Service, provided prior or concurrent notice has been attempted pursuant to Paragraph 15, but delivery has been refused or the notice otherwise returned without delivery.

13. **ASSIGNMENT;**
SUBLETTING:

Lessee shall have the right to assign this lease or sublease the Premises with the Lessor's prior written consent so long as the intended use is consistent and compatible with the other tenancies within the building and/or surrounding buildings and upon the condition that the assignee or sublessee expressly assumes and agrees in writing to pay the rent and to perform each and every covenant and agreement in this lease required by Lessee to be paid or to be performed. Lessor's written consent shall not be unreasonably withheld. Should there be no written response from Lessor to Lessee's request to assign this Lease or sublease the Premises within thirty (30) days then Lessee's request shall be deemed approved. Notwithstanding the foregoing, Lessee shall have the right at all times to assign or sublease to another government agency, assignee, contractor, or sub-contractor of County without Lessor's written consent so long as the intended use is consistent and compatible with the other tenancies within the building premises and/or surrounding buildings. Lessee agrees to notify Lessor of any change in tenancy.

14. **ALTERATIONS:**

Lessor and Lessee agree not to make any structural alterations in or on the demised Premises without first securing the prior written consent of the other party and further agree to make such alterations only at such time that it is agreeable to said other party. Consent shall be given or denied within thirty (30) days of receipt of written request. Consent shall not be unreasonably withheld. Should there be no response within thirty (30) days the request is deemed approved. "Structural" alterations shall be any modification to the improvements which results in a change in the structural integrity of the improvements or alters the gross cubic area of the improvements. Notwithstanding any other provision, the Lessee may make non-structural alterations without Lessor's prior written consent.

Any alterations installed by Lessee which are "trade fixtures as such are defined by the law of eminent domain shall be treated as tenant's fixtures in accordance with the provisions of this Lease and Agreement.

15. **NOTICES:**

Notices desired or required to be given by this Lease or by any law now or hereinafter in effect shall be given by enclosing the same in a sealed envelope with postage prepaid, certified or registered mail, return receipt requested, with the United States Postal Service. Any such notice and the envelope containing the same shall be addressed to the Lessor c/o Mr. Jeffrey Oberman Esq., 3580 Wilshire Blvd, Suite 2000, Los Angeles CA, 90010, Rental checks only shall be addressed to Lessor at Cooper, Moss Resnick & Spiegel, 15400 Sherman Way, Suite 380, Van Nuys, CA. 91406-4203 Attn: Robert Resnick, Telephone No.(818)988-4053, Fax No. (818)988-5407, or such other place as may hereinafter be designated in writing by the Lessor except that Lessor shall at all times maintain a mailing address in California, and the notices and envelopes containing the same to the Lessee shall be addressed to the Board of Supervisors, Room 383 Hall of Administration, 500 West Temple Street, Los Angeles, CA 90012 with a copy to Internal Services

Department, 550 South Vermont Avenue, Los Angeles, CA 90020, ATTN/ Chief of Real Estate.

16. **CONDEMNATION:**

If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation") any award for the taking of all or any part of the Premises shall be the property of the Lessor, to the extent it is compensation for the taking of the fee or as severance damages. Lessee shall be entitled to that portion of the award, if any, attributable to Lessee's trade fixtures and improvements and for the bonus value of Lessee's leasehold. "Trade fixtures" are agreed to include any tenant improvements installed at the Lessee's request to the extent that Lessee has reimbursed Lessor for such tenant improvements in a lump sum or through amortization included in the rent payments. This Lease shall remain in full force and effect as to the portion of the Premises remaining except that the rent shall be reduced in the proportion that the area taken bears to the total leased Premises.

In the event of a partial taking of the structure, Lessor shall use the proceeds of the condemnation received by Lessor to restore the Premises to a complete architectural unit of a quality, appearance and functional utility at least consistent with the structure as it existed prior to the taking. Rent shall abate for such time and for such area as reconstruction is required and areas are not secure, weather-tight, and usable as warehouse, manufacturing and office space. Failure of Lessor to commence such restoration within thirty (30) days of the actual physical taking of a portion of the structure shall be grounds for Lessee to cancel this Lease by giving Lessor fifteen (15) days advance written notice of such cancellation, or Lessee, in its discretion, may elect to undertake directly the restoration and deduct the costs thereof from the installments of rent next payable to the Lessor. Commencement under the aforementioned condition shall require (1) securing the area to prevent injury to persons and/or vandalism to the improvements, and (2) either the retaining of architects by the Lessor to prepare plans and specifications or the placement of a work order or contract for obtaining the Labor and Materials to accomplish the restoration.

If more than ten percent (10%) of the floor area of the improvements on the Premises, or more than twenty-five percent (25%) of the land area of the Premises, which is not occupied by any improvements, is taken by condemnation, Lessee may cancel this Lease. The parties agree that Lessor and Lessee shall each receive independently their relocation assistance.

In the event of a partial taking of the land area as identified in Exhibit "A", Lessor shall use his best effort to provide Lessee with Twenty-six (26) exclusive off-street in-and-out parking spaces within five hundred (500) feet of the demised Premises.

Failure of the Lessor to provide a minimum of Twenty-six (26) spaces at all times entitle Lessee to cancel this Lease by giving Lessor fifteen (15) days' advance written notice of such cancellation; or Lessee may negotiate with Lessor for an equitable reduction in the monthly rent based upon the Fair Market Value of such parking or the loss of such parking if not replaced.

17. INSURANCE:

- A. During the term of Lessee's occupancy, Lessor shall keep the buildings and improvements on the demised Premises insured against loss or damage by fire, lightning, vandalism, malicious mischief, and such perils ordinarily defined as "extended coverage" in an amount not less than the full insurable replacement value of said buildings and improvements. The full insurable replacement value shall be reviewed by the insurer at least every year to assure sufficient coverage.
- B. During the term of this Lease, Lessor shall also at all times maintain in force a policy of comprehensive public liability insurance insuring against injury to persons and damage to property. This policy shall have a combined single limit coverage of not less than two million dollars (\$2,000,000) per occurrence. The policy coverage shall be reviewed by the insurer at least every year to assure sufficient coverage.
- C. Lessor shall cause Lessee to be named as an additional insured on each of the policies described above and each such policy shall require written notice to Lessee at least thirty (30) days prior to the expiration or other termination of the coverage. Lessor shall at all times be responsible for providing Lessee with evidence that such coverages are in effect and have not been terminated. In the event that Lessor causes or permits the insurance policy or policies to lapse or otherwise terminate, Lessee shall have the option to obtain the policy and deduct the premiums therefor from the rental payments next due or to self-insure, or Lessee at its reasonable discretion may surrender the Premises effective as of the date specified in the written notice of such surrender and Lessee shall not be liable for any further rental under the Lease and Agreement. Lessee agrees to reimburse Lessor for any increase in cost of premiums for the above specified policies over a 1995 base year. The portion of the cost of premiums that will constitute Lessee's prorata share of the base year and subsequent years shall be equal to 20% of the entire cost of premiums for the building of which the Premises is part. In no event shall Lessee's annual reimbursement obligation exceed 10% of the base year cost. Lessor shall notify Lessee in writing of the base year insurance cost no later than July 1, 1995.
- D. Lessor agrees to indemnify, defend and save harmless Lessee, its agents, officers and employees from and against any and all liability, expenses (including defense costs and legal fees), and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury, or property damage arising from or connected with Lessor's use, maintenance or ownership of the Premises.

Lessee shall indemnify and hold Lessor, its agents, officers and employees free and harmless from any and all liability, claims, loss, damages or expenses (including defense costs and legal fees), arising by reason of bodily injury, death, personal injury, or property damage resulting from Lessee's activities on the Premises.

18. **TAXES:** Lessor shall pay promptly all real property taxes, assessments and special assessments which may be levied or assessed against the demised Premises during the term of this Lease or any renewal or holdover period thereof.
- In the event Lessor fails or refuses to pay any or all taxes or assessments when due, Lessee may give Lessor thirty (30) calendar days prior written notice and thereafter pay such taxes and assessments and deduct the payments from the installments of rent next due as a charge against the Lessor. Lessee agrees to reimburse Lessor for any increase in cost of taxes over a fiscal 1994-95 base year. The portion of the cost of taxes that will constitute Lessee's prorata share of the base year and subsequent years shall be equal to 20% of the entire cost of taxes for the building of which the Premises is part. In no event shall Lessee's annual reimbursement obligation exceed 10% of the base year tax amount. Lessor shall notify Lessee in writing of the base year tax amount no later than July 1, 1995.
19. **OPTION TO PURCHASE:** INTENTIONALLY OMITTED
20. **BINDING ON SUCCESSORS:** Each and all of the terms and agreements herein contained shall be binding upon and shall inure to the benefit of the successors in interest of the Lessor, and wherever the context permits or requires, the successors in interest to the Lessee.
21. **PARKING SPACES:** Lessor at its sole cost and expense shall provide for the exclusive use by Lessee during the term of this Lease and Agreement or any renewal or holdover period as the case may be, twenty six (26) off-street in-and-out parking spaces located in the area designated for parking on Exhibit "A". No tandem spaces will be included and all spaces will be "in and out" as long as that design is consistent with County policy.
- Failure of the Lessor to provide a minimum of twenty six (26) spaces in the area identified in the paragraph above at all times shall entitle Lessee to cancel this Lease and Agreement by giving Lessor fifteen (15) days advance written notice of such cancellation; or Lessee may negotiate with Lessor for an equitable reduction in the monthly rent based upon the Fair Market Value of such parking if not replaced.
22. **HAZARDOUS MATERIALS:** Definition:
- For purposes of this Agreement, the term "hazardous substances" shall be deemed to include hazardous, toxic or radioactive substances as defined in California Health and Safety Code Section 25316 as amended from time to time, or the same or a related defined term in any successor or companion statutes, and crude oil or byproducts of crude oil other than crude oil which exists on the property as a natural formation, and those chemicals and substances identified pursuant to Health and Safety Code Section 25249.8.

Warranties and Representations:

1. Lessor hereby warrants and represents, based upon appropriate and reasonable inspection of the Premises, that during its ownership of the Premises; hazardous substances have not been released on the Premises; that it has no knowledge of any release of hazardous substances on the Premises occurring before its ownership; that it has no knowledge or reason to believe that there are hazardous substances on the Premises; that Lessor shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of hazardous substances; and that Lessor shall require all other tenants, if any, of the subject property to comply with the aforementioned rules and regulations.
2. Lessee hereby warrants and represents that it shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of hazardous substances on the Premises.

Notice:

Lessor and Lessee agree to immediately notify each other when either party learns that hazardous substances have been released on the Premises or, if a multi-tenant property, on the subject property.

Indemnity:

1. Lessor agrees to indemnify, defend and save Lessee, its agents, offices and employees from or against all liability, expenses (including defense costs, legal fees, and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of hazardous substances on the Premises which has not been caused by Lessee.
2. Lessee agrees to indemnify, defend and save harmless Lessor from and against all liability, expenses (including defense costs, legal fees and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of hazardous substances on the Premises caused by Lessee.
3. The indemnity provided each party by this provision shall survive the termination of this Lease.

Default:

The presence or release of hazardous substances on the Premises and/or subject property, which is not caused by Lessee and which threatens the health and safety of Lessee's agents, officers, employees or invitees, as determined by either the State or Federal office having jurisdiction over such matters or if Lessor cannot completely cure the contamination within fifteen (15) days then such event shall entitle Lessee to immediately terminate this Lease. In the event of such termination, Lessee shall not be obligated for any further rental and Lessor shall refund any unearned rent paid in advance by Lessee calculated at a daily rate based on the regular monthly rental.

Asbestos Notification:

Lessor represents, based upon a professional inspection of the subject Premises conducted by Masek Consulting Services, Inc., a licensed California Asbestos Contractor, and their report dated _____, copy of which is hereby acknowledged received by the County, that the subject Premises contain no asbestos containing materials, other than those reflected in the report. Lessor agrees, prior to Lessee's occupancy, to abate, at Lessor's sole cost and expense, all asbestos containing materials, and provide Lessee with an updated report from a licensed California Asbestos Contractor to that effect.

Lessor agrees to notify (County/Lessee) at least annually of Lessor's knowledge of the presence of asbestos containing materials within the building of which the demised Premises is part. Such notification shall comply with Health and Safety Code Sections 25915 et seq as amended from time to time or as required by any successor or companion statutes enacted subsequent to this Lease and Agreement.

Indoor Air Pollution Notification:

Lessor represents and warrants that a) there have been no complaints regarding the indoor air quality anywhere in the building or in the ventilating system; b) he Lessor will deliver to Lessee/County copies of any such complaints received; c) to the best of his Lessor's knowledge there are no indoor air pollution and/or air quality problems in the building; and d) he Lessor will notify Lessee/County if any indoor air quality or environmental problem is discovered or reported in the building, and undertake to correct such problem at his Lessor's sole cost and expense.

23. GENERAL PROVISIONS:

A. Waiver

The waiver by Lessor or Lessee of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term; covenant or condition herein contained.

B. Marginal Headings

The paragraph titles in this Lease are not a part of this lease thereof and shall have no effect upon the construction or interpretation of any part hereof.

C. Time

Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.

D. No Recordation

Neither party may record this Lease at any time without the prior written consent of the other party.

E. Quiet Possession

Upon Lessee paying the rent hereunder Lessee shall have quiet possession of the demised Premises for the entire term hereof subject to all the provisions in this Lease. If any underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, this Lease shall nevertheless remain in full force and effect and Lessee at all times shall be entitled to quiet possession and use of the Premises and shall, notwithstanding any subordination, and upon the request of such successor in interest to Lessor, attorn to and become the Lessee of the successor in interest to Lessor.

F. Prior Agreements

This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease and no prior agreements or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors-in-interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.

G. Force Majeure

In the event that either party is delayed or hindered from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials not related to the price thereof, failure of power, restrictive governmental laws and regulations, riots, insurrection, war or other reasons of a like nature beyond the control of such party, then performance of such acts shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

H. Attorney's Fees

In the event of any action or proceeding brought by either party against the other under this Lease, the prevailing party shall be entitled to recover all costs and expenses including the fees of its attorneys in such action or proceeding in such amount as the court or arbitrator may adjudge reasonable as attorney's fees.

I. Separability

Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

J. Cumulative Remedies

No remedy or election hereunder shall be deemed exclusive but shall wherever possible be cumulative with all other remedies at law or in equity.

K. Choice of Law

This Lease shall be governed by the laws of the State of California, exclusive of conflict of law provisions.

L. Warranties or Guarantees

In the event that any of the items required to be maintained and repaired by the Lessor under the provisions of Section Paragraph 9A herein are protected by warranties or guarantees the Lessee shall be entitled to the full benefit of such protection as if it were the original purchaser thereof.

M. Impairment of Title

Lessor hereby covenants to notify Lessee in writing within thirty (30) days of each and every occurrence which may impair Lessor's title to the demised Premises. Such occurrences include, but are not limited to, default on a trust deed, transfer of any interest in any trust deed, notification of any lien recordation, notification of any foreclosure, and notification of default in the master lease. Lessor further agrees to notify Lessee, in writing, within ten (10) days of receipt of any written notice regarding redevelopment, zoning, or conditional use permits which affect the property, the subject of this Lease or real property adjacent thereto.

N. Arbitration

In the event of any dispute regarding the terms, conditions, rights or obligations of the parties hereto, such dispute may, at the request of either party, be submitted to arbitration in accordance with the provisions of Code of Civil Procedure Section 1280 et seq as they now exist or may later be amended. The Internal Services Department, or its designee, shall act on behalf of Lessee in arbitration, with the assistance of Counsel, for so long as County is the Lessee under this Lease.

O. Construction

Any and all construction pertaining to this Lease and Agreement by Lessor or his designated contractors or subcontractors shall comply with all applicable City, County, State and Federal regulations, codes and ordinances, including but not limited to all provisions of the Labor Code of the State of California. Under the provisions of said Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements.

Particulars of the current Prevailing Wage Scale, as approved by the Board of Supervisors, which are applicable to the work contemplated are filed with the Clerk of the Board of Supervisors and must be posted at the subject site.

P. Interpretation

The language of this Lease shall be construed according to its fair meaning and not strictly for or against Lessor or Lessee.

Q. Minority and Women Owned Business

Lessor is encouraged to use Minority and Women Owned Business Enterprises (MBE/WBE) in all contracts when possible as sources for supplies, equipment, construction and services. This shall apply during any applicable tenant improvement construction, modular furniture installation and services to be provided during the lease term.

Lessor shall submit evidence of MBE/WBE participation by providing completed copies of the Minority and Women Owned Firm Information, form attached hereto as Exhibit "B" at the time of signing this Lease and Agreement and thereafter on an annual basis on or before December 30th of each year of the term of this Agreement.

R. Lobbyists

Lessor and each County lobbyist or County lobbying firm as defined in Los Angeles County Code Section 2.160.010, retained by Lessor, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of Lessor or any County lobbyist or County lobbying firm retained by Lessor to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Agreement upon which County may immediately terminate or suspend this Lease and Agreement.

24. WARRANTY OF AUTHORITY:

Each of the undersigned signatories for the Lessor hereby personally covenant, warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Lease upon the terms and conditions stated herein and each agrees to indemnify and hold harmless the Lessee from all damages, costs, and expenses, which result from a breach of this material representation.

25. ESTOPPEL CERTIFICATE:

Either party shall at any time upon not less than thirty (30) days' prior written notice from the other party execute, acknowledge and deliver to the requesting party a statement in writing (1) certifying that this Agreement is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Agreement, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (2) acknowledging that there are not to the declarant's knowledge, any uncured defaults on the part of either party hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or

encumbrancer of the building complex or any other interested party. Failure to deliver such statement within such time shall be conclusive evidence (a) that this Agreement is in full force and effect without modification except as may be represented by the requesting party in the written request for the certificate, (b) that there are no uncured defaults in either party's performance, and (c) that not more than one month's rent has been paid in advance.

26. TENANT
IMPROVEMENTS:

- A. Lessor within five (5) days after receipt of a duly executed copy of this Lease document will commence, at Lessor's own cost and expense, the repair or replacement of the items detailed in the Work Letter attached hereto and incorporated herein as Exhibit "C".

Tenant Improvement Allowance:

Lessor within ten (10) days after receipt of County-approved preliminary plans, will, at its own expense, cause a licensed California architect to commence preparing working drawings and specifications for the proposed tenant improvements which are to be paid for by Lessor and reimbursed in either of the methods detailed below by Lessee up to a maximum cost of One Hundred Thousand and No/100 Dollars (\$1.20 per square foot) as estimated by Lessee. Lessee must deliver to the Lessor the County-approved preliminary plan no later than June 15, 1995. Unless said plans are delivered to Lessor by said date, the right of Lessee to the Tenant Improvement Allowance shall terminate and the provisions of this paragraph 26 shall be null and void. Lessee agrees to reimburse Lessor for tenant improvement cost up to a maximum amount of One Hundred Thousand and No/100 Dollars, and will amortize said cost at the rate of 9% per annum over the lease term. The Lessee may at anytime during the Lease term pay Lessor in a lump sum for all or any portion of the tenant improvement cost and reduce the rental rate previously paid accordingly. Lessor shall not be obligated to construct any improvements specified within the preliminary plans if the total cost of the improvements will exceed the sum of \$100,000.00. If the total cost will exceed the sum of \$100,000, Lessor will notify Lessee and Lessee will delete such improvements that result in the cost over \$100,000, or Lessee will agree to be responsible for the extra cost and will pay for the extra cost during the course of construction as mutually agreed between the parties. Lessor will notify Lessee of the tenant improvement final cost, and the amount payable monthly by Lessee in addition to the rent. For purposes of ascertaining the actual cost of said tenant improvements, Lessor shall provide to Lessee, upon the issuance of a Certificate of Occupancy, or a final sign-off by the City of Los Angeles, a detailed breakdown of the total costs of constructing the tenant improvements and execute a summarized breakdown of the total costs of the tenant improvements in the form of the attached Exhibit "D" with the right to audit these costs for a period of twelve months from the date of commencement of the term of this Lease.

The working drawings are to be prepared in accordance with preliminary plans and specifications to be provide by the Lessee. Lessor shall provide any final working drawings required from said preliminary plans with Lessee having the right to review and approve said final working drawings. All work, construction and materials shall be in final working drawings and specifications. All circuit breakers, fire sprinklers, and plumbing shut off valves shall be labeled as to areas controlled both on the drawings and on the breaker panels and valves. Upon completion Lessor shall furnish the Internal Services Department with one (1) complete set of reproducible as-built drawings including locations of all underground utility lines and their depths.

The Premises shall meet all applicable City, County State and Federal building codes, regulations and ordinances required for beneficial occupancy. Any work, including construction, that Lessor must undertake to obtain the necessary jurisdictional approvals for occupancy shall be at Lessor's sole cost and expense and shall not be considered as part of the tenant improvement allowance. Any work to meet applicable code requirements necessitated by Lessee's special requirements shall be included as part of the tenant improvement allowance.

The Lessor shall submit three bids for the construction of the tenant improvements to the County for its review prior to award of the contract. The bids shall include an itemized list of all materials and labor and shall include all additional costs including A/E fees, permits, contractor's profit and overhead, and project management fees. Three bids for the purchase and installation of the office furniture system, prepared by the furniture dealer, shall be included in the construction estimates, if applicable.

The tenant improvement cost shall not include any costs incurred for asbestos abatement, fire sprinkler system, or conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere. All work for required asbestos abatement, fire sprinkler system, or air conditioning system conversion shall be performed at the sole cost and expense of Lessor.

B. Completion

The parties agree that the estimated time for completion of the tenant improvements identified in the attached Work Letter is 60 days from the date of commencement of this Lease based upon the Construction Schedule attached herewith as Exhibit "E". Lessor shall file for a building permit to construct the improvements within ten (10) days of completion of final working drawings and acceptance by Lessee and diligently pursue to obtain the permit as soon as possible.

Completion may be delayed by:

1. Acts or omissions of Lessee or of any employees or agents of Lessee (including change orders in the work), or
 2. Any act of God which Lessor could not have reasonably foreseen and provided for, or
 3. Any strikes, boycotts or like obstructive acts by employees or labor organizations which Lessor cannot overcome with reasonable effort and could not reasonably have foreseen and provided for, or
 4. Any war or declaration of a state of national emergency, or
 5. The imposition by government action or authority of restrictions upon the procurement of labor or materials necessary for the completion of the building Premises.
- C. If Lessor fails to obtain the building permit to construct the improvements identified in the attached Work Letter within a reasonable time, taking all factors into consideration, or if tenant improvements have not been completed within sixty (60) days from the estimated time of completion, which period shall be extended for a reasonable time for delays enumerated in subparagraph B above, Lessee may, at its option:
- (1) Cancel the Lease upon thirty (30) days written notice to Lessor; or
 - (2) Upon thirty (30) days written notice to Lessor, assume the responsibility for providing the tenant improvements itself.

If Lessee elects to provide tenant improvements itself, then:

- (a) Lessee, its officers, employees, agents, contractors and assignees, shall have free access to the Premises at all reasonable times for the purpose of making the tenant improvements and for any other purposes reasonably related thereto;
- (b) rent shall be reduced by Lessee's total expense in making the tenant improvements, including any financing charges for capital and a reasonable amount for its administrative costs, and including interest at the rate of 9%. The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Lessee's total expense shall be fully amortized in equal monthly amounts over five (5) years.

27. HYPOTHECATION
OF LEASEHOLD:

- A. The Lessor may, without the consent of County, assign, transfer, mortgage, hypothecate or encumber Lessor's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties

and obligations hereunder), and Lessor may execute any and all instruments providing for the payment of rent directly to an assignee or transferee, but only if the conditions set forth in subsections subparagraph B and D below are met.

Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Lessor's right, title and interest in and to this Agreement or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Paragraph 27 shall be null and void.

- B. Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Section 25403 of the California Corporations Code, which prohibits the offer or sale of any security constituting a fractional interest in this Agreement or any portion thereof, without the prior written consent of the County.
- C. In the event Lessor violates the provisions of Section 25403 of the California Corporations Code, the County may impose damages in an amount equal to the greater of (a) \$500,000, or (b) 10% of the aggregate principal portion of all rental payments payable by the County during the entire term of this Agreement. It is being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Agreement or applicable law.
- D. Lessor shall give County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.
- E. Lessor shall not furnish any information concerning County or the subject matter of this Agreement (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the Office of the County Counsel) to any person or entity, except with County's prior written consent. Lessor shall indemnify and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Lessor in violation of this subsection subparagraph E.
- F. The provisions of this Paragraph 27 shall be binding upon and applicable to the parties hereto and their respective successors and assigns.

Whenever in this Paragraph 27 Lessor is referred to, such reference shall be deemed to include Lessor's successors or assigns, and all covenants and agreements by or on behalf of Lessor herein shall bind and apply to Lessor's successors and assigns whether so expressed or not.

28. **SIGNAGE:**

Lessor grants to Lessee the right to erect signage on the Premises the location and appearance of which shall not be subject to review by Lessor provided that such signage is no more than twenty (20) square feet per sign in size or if the signage is to be installed on the East side of the Premised building than no more than forty (40) square feet of Lessee installed signage will be installed on the East side of the Premised building.

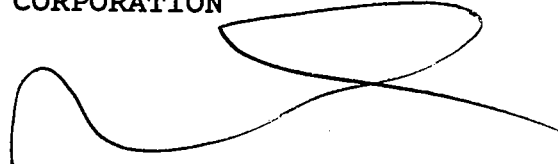
A handwritten signature in black ink, appearing to be 'J. To' or similar, located in the bottom right corner of the page.

IN WITNESS WHEREOF, the Lessor has executed this Lease or caused it to be duly executed, and the County of Los Angeles pursuant to Chapter 2.81 of the County Code and other powers of delegated authority granted by order of its Board of Supervisors, has caused this Lease to be executed on its behalf by the Director, Internal Services Department and attested by a Deputy County Clerk the day, month, and year first above written.

LESSOR

2011 CORPORATION


By


Jeffrey T. Oberman
President

ATTEST:

BEATRIZ VALDEZ
Registrar-Recorder
County Clerk

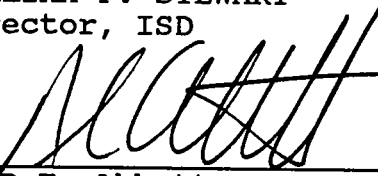
By


Deputy

Chris Krizan

COUNTY OF LOS ANGELES
WILLIAM F. STEWART
Director, ISD

By


R.E. Abbott

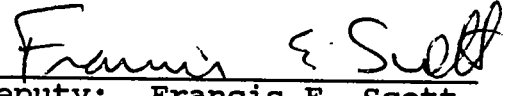
General Manager

Construction & Real Property Services

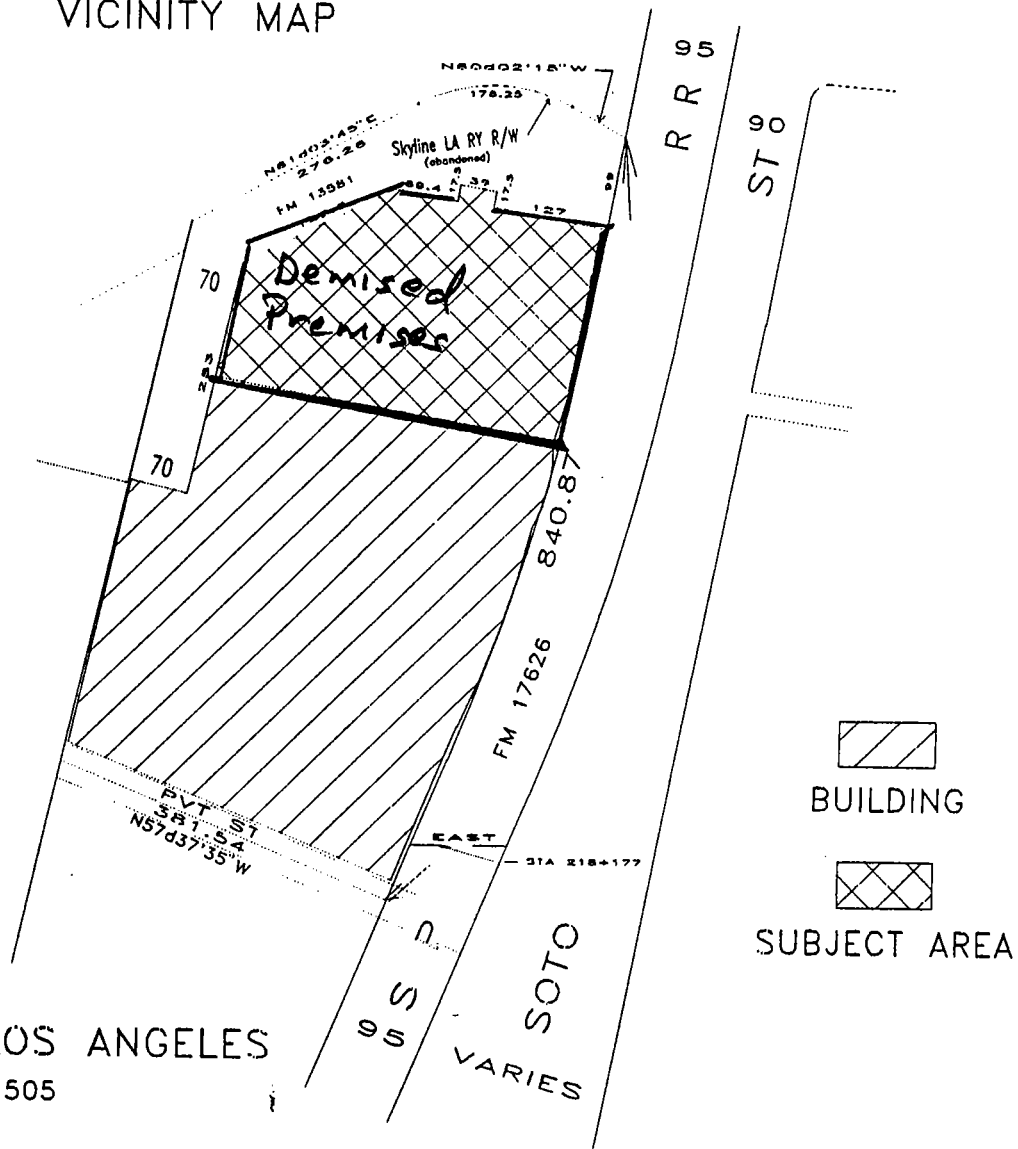
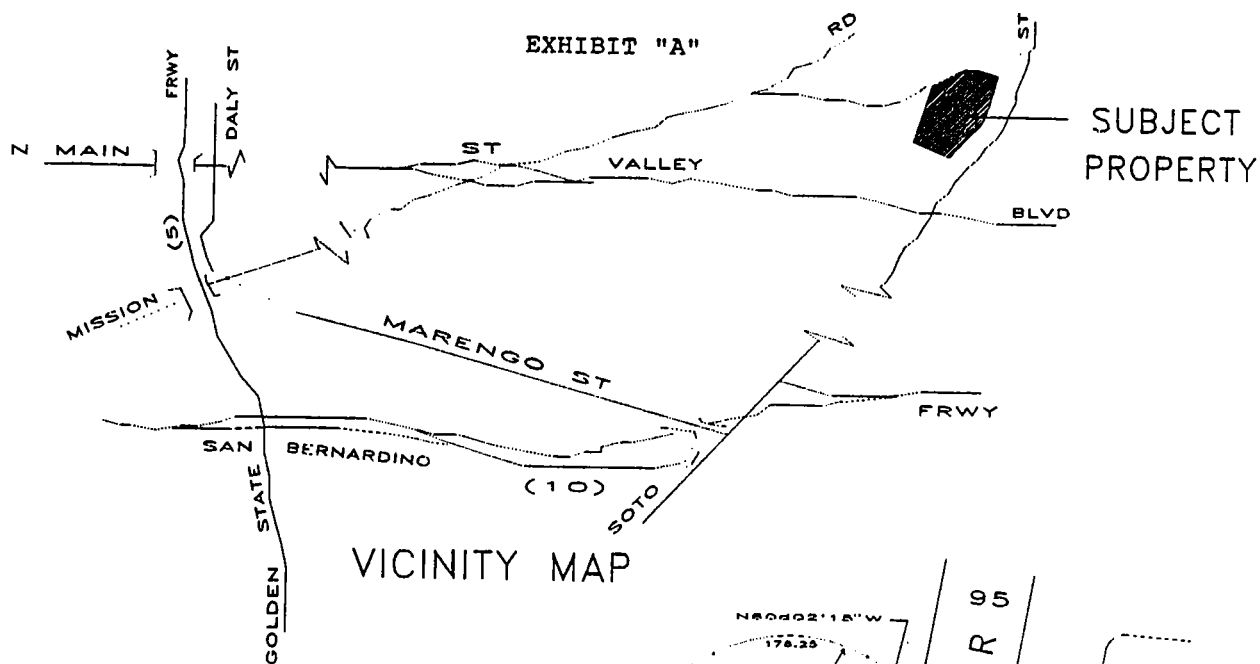
APPROVED AS TO FORM:

DEWITT W. CLINTON
County Counsel

By


Deputy: Francis E. Scott

(usc-soto)
(12/07/94)



CITY LANDS OF LOS ANGELES
MR 2-504-505

COUNTY OF LOS ANGELES - INTERNAL SERVICES DEPARTMENT

DATE 12-22-94	AMB 5211-021	SD 1st	SCALE NONE
TH GD 635-C-1	IM		BY EML

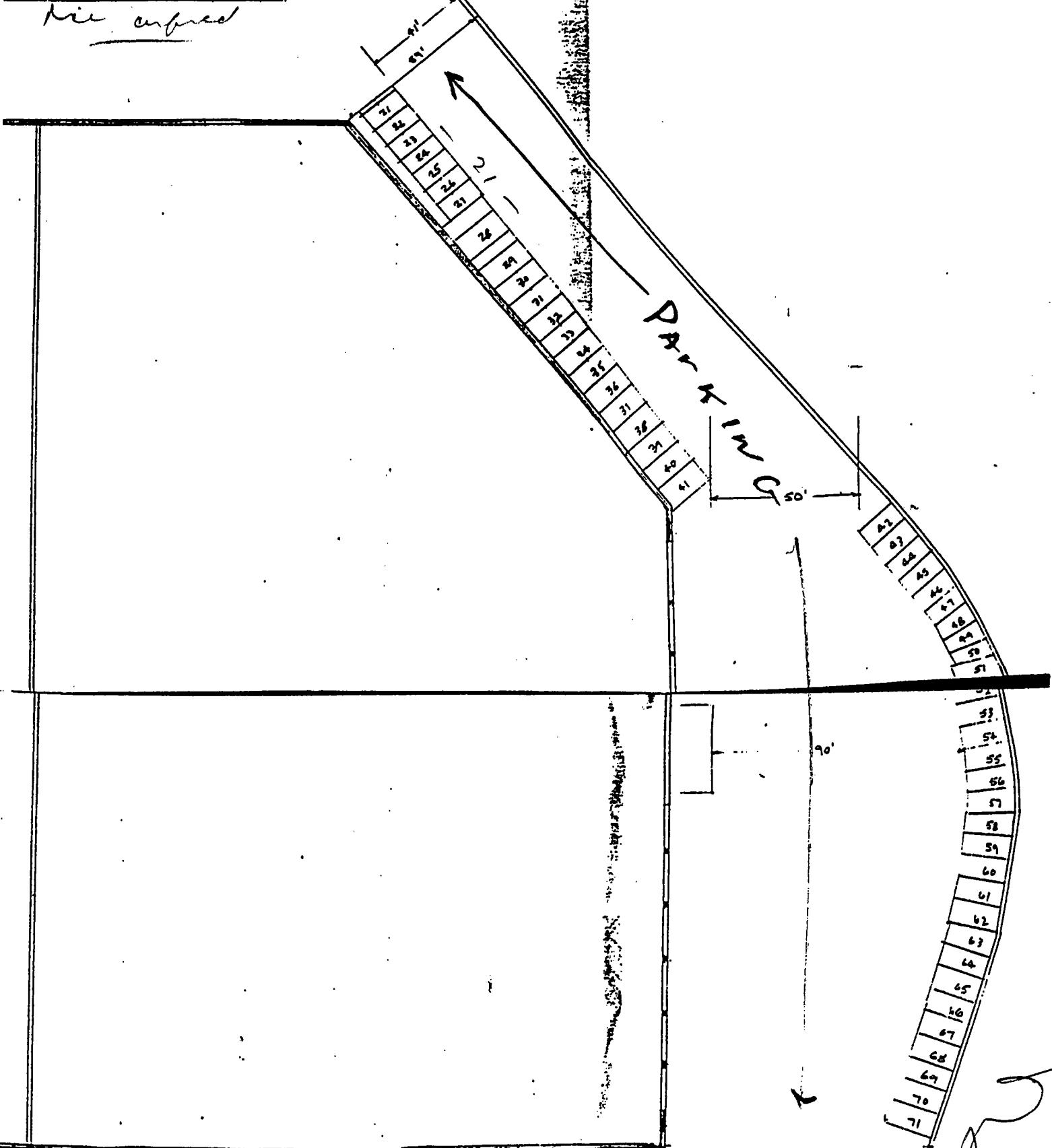
LA CO-USC MEDICAL CTR WAREHOUSE
2011 N SOTO ST, LOS ANGELES, CA 90032

JOB No.
C13138-00002
C KURZON

EXHIBIT A (10/13/94)

1	10	11	12	13	14	15	16	17	18	19	20
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See enclosed



(Exhibit A - 04") - 16 2 1/2 Pages

Lessee hereby acknowledges that it has been advised that Lessor has previously entered into leases with N.M.G., Inc., doing business as George Rice, Inc., ("George Rice") and the lease agreements provide as follows:

a. **Access to Loading Areas.** Lessor hereby authorizes Lessee to have unrestricted and exclusive access to the following during the term of this Lease:

- i. **Access to a Portion of South Wall of Premises.** Entrance of the south wall of the Premises, the location and size of which are set forth in Exhibit A to the George Rice lease. Lessee shall have unrestricted access from the adjoining property owned by Lessee to the entrance in the south wall of the Premises, all as more particularly described on Exhibit A to the George Rice lease.
- ii. **Access Loading Dock on North West Side of Building.** Lessee will have unobstructed and exclusive access and use of the single loading dock on the north west side of the building, as more particularly described on Exhibit A to the George Rice lease.
- iii. **Exclusive Use and Access to Truck Wells on East Wall.** Lessee shall have unobstructed and exclusive access and exclusive use of the three truck wells in the east wall capable of accessing six (6) trucks, the location of which are more specifically set forth on Exhibit A to the George Rice lease.

b. **Parking Rights of George Rice, Inc.** In addition, Lessee hereby acknowledges that it has been advised the George Rice, Inc., has been granted the right to have forty one (41) of the parking spaces set forth in Exhibit A to this Lease.

Lessee on behalf of itself, its employees, agents, representatives, suppliers, invitees, customers, or vendors not to interfere or obstruct the access of George Rice, Inc., its employees, agents, representatives, invitees, suppliers or vendors, to the loading docks, truck wells, and parking areas set forth above or cause a breach of the existing lease agreements between Lessor and George Rice.

EXHIBIT "B"

MINORITY AND WOMEN OWNED FIRM INFORMATION

INSTRUCTIONS: All Lessors shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of MBE/WBE participation. The information requested below is for statistical purposes only. On final analysis and consideration of leases, will be selected selection will be made without regard to gender, race, creed, or color. Categories listed below are based on those described in 49 CFR Section 23.5.

I. MINORITY/WOMEN PARTICIPATION IN FIRM (Partners, Associates Partners, Managers, Staff, etc.)

FIRM: NAME

ADDRESS

CONTACT

TELEPHONE NO.

TOTAL NUMBER OF EMPLOYEES IN FIRM: _____

	OWNERS/PARTNERS ASSOCIATE PARTNERS	MANAGERS	STAFF
Black/African American	_____	_____	
Hispanic/Latin American	_____	_____	
Asian American	_____	_____	
Portuguese American	_____	_____	
American Indian/ Alaskan Native	_____	_____	
All Others	_____	_____	
Women (Should be included in counts above <u>and</u> also reported here separately)	_____	_____	

II. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

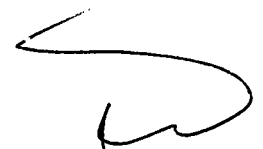
TYPE OF BUSINESS STRUCTURE:

(Corporation, Partnership, Sole Proprietorship, etc.)

TOTAL NUMBER OF OWNERSHIP/PARTNERS, ETC.: _____

PERCENTAGE OF OWNERSHIP

Black/African American	_____
Hispanic/Latin American	_____
Asian American	_____
Portuguese American	_____
American Indian/ Alaskan Native	_____
All Others	_____
Women (Should be	_____



included in counts
above and also reported
here separately)

III. CURRENT CERTIFICATION AS MINORITY/WOMEN-OWNED FIRM

IS YOUR FIRM CURRENTLY CERTIFIED AS A MINORITY OWNED BUSINESS
FIRM BY THE:

State of California?	Yes	No
City of Los Angeles?	Yes	No
Federal Government?	Yes	No

IV. FIRM'S DESIRE NOT TO RESPOND TO INFORMATION

WE DO NOT WISH TO PROVIDE THE INFORMATION REQUIRED IN THIS
FORM.

Firm Name:

Signed:

Date:

Title:

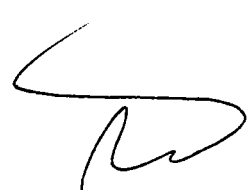


EXHIBIT "1"

WORK LETTER

Lessor agrees to deliver the Premises free of debris and with the plumbing, lighting, electrical, loading doors, entrance gates and windows in good operating condition.

In addition Lessor agrees to complete the following improvements:

Installation over the roof covering the demised premises of a new roofing system of a quality sufficient to last at least 10 years, with a warranty of 10 years or more.

Repair or replace all of the hydraulic platform lifters that currently service the Premises.

Remove the entire existing refrigeration structure including any ancillary storage space. As a result of said removal cap any plumbing or service lines and restore the floor to a level surface.

(usc-soto)
12/21/94

A handwritten signature in black ink, consisting of a stylized, cursive script that appears to be the initials 'FW' or similar, followed by a long horizontal stroke.

EXHIBIT "D"

MEMORANDUM OF TENANT IMPROVEMENT COST

This Agreement is dated this _____ day of _____, 19____, for reference purposes only, by and between Lessor, _____, and Lessee, County of Los Angeles.

1. The parties hereto have entered into a Lease dated as of _____ (the "Lease") for the leasing by Lessor to Lessee of the buildings located at _____ ("the Premises").

2. Lessor and Lessee hereby confirm the following:

(a) The final total cost of the tenant improvements is _____ (\$_____).

This is comprised of:

<u>Lease Budget</u>	<u>Actual Cost</u>
Lessors sole cost Work Letter Tenant Improvements	Lessors sole cost
\$ 100,000.00 Tenant Improvement Allowance	\$_____
\$_____ Total	

IN WITNESS WHEREOF, Lessor and Lessee have respectfully signed this Agreement.

Lessor:

By _____

By _____

Lessee:

COUNTY OF LOS ANGELES

By _____
Claus B. Marx, Chief
Real Estate



EXHIBIT "E"
CONSTRUCTION SCHEDULE

A handwritten signature or mark, possibly a stylized 'C' or 'S', located in the bottom right corner of the page.